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WEEKLY INDOCHINA REPORT

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SUMMARY

Indochina

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Political: Vietnamese premier-designate Ngo Dinh Diem has already run into difficulties in attempting to form his government and appears to have little chance of reviving Vietnamese morale despite his boast that he is the "best known figure in Vietnam after Ho Chi Minh."

The outgoing Buu Loc cabinet is desperately striving to reconcile its avowed do-or-die position with its growing conviction that Allied support is fast slipping away.

Diem arrived in Saigon on 25 June under the impression he had been granted full powers by Bao Dai, but the American embassy in Saigon believes he will soon be disabused of this notion. The actual situation, as the embassy points out, is that Bao Dai has given control over the major cities of Vietnam to the gangster Binh Xuyen organization. This will make it impossible for the prime minister to cope with corruption.

The embassy speculates that Bao Dai's aim may be to prove that absolute monarchy is best for Vietnam after all, by demonstrating that even the pure, respected Diem is unequal to the task at hand.

Geneva Conference

The Communists have apparently had great success in the past ten days with a variety of direct talks on an Indochina settlement.

The pattern of a settlement which seems to be emerging from the talks is:

- (1) A partition of Vietnam on terms highly favorable to the Communists, postponing a final political agreement.
- (2) Neutralization of Laos, with the Communists retaining some part of the territory they now control, or joining a coalition government, or possibly both.

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- (3) Neutralization of Cambodia, with some form of recognition accorded the "resistance" movement there.

The acting chief of the French delegation at Geneva said the secret French-Viet Minh talks going on there might produce a "tentative agreement" in early July.

The Communists are expected to put together an attractive package to offer French premier Mendes-France officially between 12 July, when the Geneva conference is scheduled to resume high-level negotiations, and 20 July, which is the premier's self-imposed deadline for a settlement.

Alternatively, a settlement might be reached in the private talks and the conference called on to endorse it.

Free World Policies and Opinions

France: Following his talks with Chinese Communist foreign minister Chou En-lai, Premier Mendes-France obtained from the National Assembly a reaffirmation of its approval of his program for ending the Indochina war.

The premier seems increasingly optimistic that he can get a settlement by his 20 July deadline.

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Great Britain: London press treatment of Prime Minister Churchill's and Foreign Secretary Eden's talks in Washington reflects general belief that the conversations seem to have brought a reconciliation with the United States and a belief that the United States has

moved in some measure toward the British position on Asian problems. The press still betrays, however, an underlying concern lest Britain's policy turn out to be mistaken.

India: The American embassy thinks it unlikely that the talks between Prime Minister Nehru and Chou En-lai in New Delhi this week have had any material effect on the imbalance of power in Asia.

Chou did, however, succeed in convincing Indian vice president Radhakrishnan--and probably Nehru as well--that Peiping really wants a negotiated peace in Indochina. Radhakrishnan urged that Washington establish direct contact with the Chinese Communists, since there is "at least a chance" that the United States could exert a peaceful influence.

Indonesia: An anti-Communist newspaper reported the Eisenhower-Churchill talks under the headline: "Western States Busy Discussing Problems of Southeast Asia; Nations Concerned Not Invited to Talks."

The Indonesian representative at the UN showed considerable interest in British foreign secretary Eden's proposal for an Asian "Locarno," observing that such a pact would necessarily involve some relationship with Communist China.

Philippines: The Philippines adopted a wait-and-see attitude on Indochina pending some indication as to how far the French will go in compromising with the Communists. The atmosphere was not optimistic. One leading newspaper described the Geneva conference as another Munich and commented that "everything went according to plan--the Soviet plan."

Thailand: The French and British apparently have succeeded in persuading the Thais to agree to a postponement until mid-August of UN action on Thailand's appeal for the sending of a peace observation committee to Southeast Asia.

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INDOCHINA

Political

Vietnam: Premier-designate Ngo Dinh Diem has already run into difficulties in attempting to form his government and appears to have little chance of reviving Vietnamese morale despite his boast that he is the "best known figure in Vietnam after Ho Chi Minh."

Vietnamese are, by an ironic twist, less concerned with the shake-up of their own government than with the advent to power of Mendes-France and the proclamation of his 20 July peace deadline.

Meanwhile, the outgoing Buu Loc cabinet is desperately striving to reconcile its avowed do-or-die position with its growing conviction that Allied support is fast slipping away.

Ngo Dinh Diem arrived in Saigon on 25 June under the impression he had been granted "full powers" by Bao Dai, but the American embassy in Saigon believes he will soon be disabused of this notion. The actual situation, as the embassy points out, is that Bao Dai "was so depraved" that he gave control over the major cities of Vietnam to the Binh Xuyen gangster organization. This will make it impossible for the prime minister to cope with corruption.

The embassy speculates that Bao Dai's aim may be to prove that absolute monarchy is, after all, best for Vietnam by demonstrating that even the pure, respected Diem is unequal to the task at hand.

Diem, who appears to speak principally through his brothers, Nhu and Luyen, has hesitated to act, pending a commitment from the United States on aid. Nhu commented rather bitterly that the position of the United States seemed "most indefinite." Nhu is obviously extremely worried and believes his brother was not aware of the seriousness of the situation when he accepted the premiership.

Diem himself on receiving the diplomatic corps in Saigon seemed very ill at ease and scarcely gave the impression of being a strong and determined leader.

The growing trend toward neutralism, of which there have been some indications even in Diem's entourage, is regarded by officials of the outgoing Buu Loc government as deplorable but inevitable in the light of unilateral French moves toward the partition of Vietnam and the abandonment of Tonkin.

Tri, the strongest political figure in north Vietnam, states that his repeated pleas to the French for military information essential to the fulfillment of his duties have been received by the French command with shrugs. Tri believes the French are quitting without a fight, even though they are fully capable of holding the delta. It appears almost certain Tri will submit his resignation shortly.

Outgoing Defense Minister Quat states that the Vietnamese people, convinced they are gradually being let down by France and "their other allies," are becoming increasingly dispirited, but he contends that the mere news of an American decision to assume full control of the training of the Vietnamese army would have an electric effect on morale.

Cambodia: Following the resignation of the Penn Nouth cabinet, Cambodia was technically without a government this week.

General Tioulong, who has filled the dual role of commander in chief and defense minister, believes he is the target of the change, which arose out of a minor squabble between himself and the king. Tioulong, in a conversation with the American chargé in Phnom Penh, said he disagreed entirely with the king's foreign policy, which carries the issue of independence to the point of "telling the world to go hang" at a time when Cambodia so badly needs foreign aid.

Tioulong is now representing his government at the military talks at Geneva. He will probably relinquish

the defense post while remaining commander in chief. The chargé regards even the partial demotion of so energetic and capable an official as Tioulong as incredible. He said, "We may still hope Tioulong will not lose command of the army. If he does, we can still pray for Cambodia."

The chargé in Phnom Penh believes British efforts to promote Indian recognition of Cambodia should be supported if only to help shatter the myth that there is a geographic-political whole called "Indochina" instead of three distinct countries. He believes the Indochina myth to be of benefit only to the Communists.

Personalities: There are no real national leaders in Vietnam, Jean Cousseau, a leading official French expert on Indochina, told the American chargé at Saigon. Cousseau, whom the chargé describes as a "behind-the-scenes operator whose chief exploit was to bring Bao Dai back from Hong Kong in 1946," said that all of Asia has been swept by a desire for democracy, and although the people of Vietnam do not know what democracy is, they nevertheless want it and not a monarchy.

In particular, the intellectuals and the people in general of Cochinchina want a republic, Cousseau said. If Vietnam is partitioned, the best solution for Cochinchina would be to create a republic there.

Cousseau made the following comments on leading Vietnamese personalities:

Bao Dai: Cousseau's first choice as postwar monarch of Annam had been former emperor Duy Tan, who had long been imprisoned by the French on Reunion Island. Duy Tan had drawing power because he had fought colonialism during the First World War, had suffered in exile at the hands of the French and during the Second World War had been a colonel in the British Royal Air Force. This made him a popular hero. However, he was killed in an airplane crash and Bao Dai was chosen in his place.

Bao Dai has consistently refused good advice as, for example, the counsel Cousseau had given him in May 1949 that he should establish himself and key elements of his government in Hanoi and act as a real monarch and not as a dilettante sportsman.

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Nguyen De: Bao Dai's nemesis. He "regarded the public treasury as his private purse and any prime minister as a billiard pin to be knocked down whenever he rolled the ball."

Ngo Dinh Diem: an honest man whom, in fact, Cousseau had proposed to Bao Dai and Nguyen De as prime minister as far back as 1950. However, both Bao Dai and Nguyen De hate Diem and are producing him now in order to throw him to the lions. The Americans and French should give Diem a chance to create a government, even though there is not much hope he will succeed.

Pham Van Huyen: minister of labor and the best man in the departing Buu Loc cabinet. He is now attending the International Labor Organization conference at Geneva.

He is the only Vietnamese cabinet minister with any contacts among the people and with the capacity to lead a popular movement. However, neither the Americans nor the French should "rush" Huyen or give him money now or, as others had, he would become corrupted.

Vietnam is "the most Sinified of the three kingdoms." In other words, the most subject to Chinese influence

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GENEVA CONFERENCE

The Communists have apparently had great success in the past ten days with a variety of direct talks on an Indochina settlement. The most important of these have been Chou En-lai's conversation with Mendes-France in Bern on 23 June, and continuing conversations between the Viet Minh delegate and the French, Laotian and Cambodian delegates at Geneva.

The pattern of an Indochina settlement which seems to be emerging from the talks is as follows:

- (1) A partition of Vietnam on terms very favorable to the Communists, postponing a final political agreement.
- (2) Neutralization of Laos, with the Communists retaining some part of the territory they now control or joining a coalition government, or possibly both.
- (3) Neutralization of Cambodia, with some form of recognition being accorded the "resistance movement" there.

The acting chief of the French delegation, Jean Chauvel, told an American official on 26 June it was "altogether possible" the secret French-Viet Minh talks at Geneva would produce a "tentative agreement" in eight to ten days.

In addition to the direct talks which have taken and are taking place, Mendes-France has said other talks with Chou En-lai are planned and that he hopes to meet Molotov; the Viet Minh delegate has bid for a meeting with Mendes-France; and the acting chief of the Soviet delegation at Geneva has called on Chauvel and suggested direct French-Soviet talks.

It still seems likely that the Communists, in the course of these private talks, will put together an attractive package to offer Mendes-France officially between 12 July, when the Geneva conference is scheduled to resume high-level negotiations, and

20 July, which is the French premier's self-imposed deadline for a settlement. It even seems possible that a settlement will be reached in the talks themselves, and that the conference will merely be called on to endorse it.

Direct Military Talks

The direct French-Viet Minh military staff talks which began on 2 June on the question of "regrouping areas" in Vietnam had made little apparent progress as of 23 June.

[REDACTED]

The status of French-Viet Minh military talks in the field, as provided for in the 29 May agreement, is uncertain. These talks, which were supposed to begin on 28 June at a point north of Hanoi, have been postponed twice.

[REDACTED]

French, Laotian and Viet Minh representatives at Geneva began direct military talks on 24 June. These derive from the 19 June agreement which provided that they examine questions relating to a cease-fire in Laos and Cambodia, "beginning with the question concerning the withdrawal of all foreign armed forces and foreign military personnel...."

The Viet Minh delegation did not insist on including a representative of the Communist-sponsored "Free Laos movement" in these talks, but it has insisted that such a movement exists. The Communists have

maintained all along, despite various conciliatory gestures, that there are native "resistance movements" in Laos and Cambodia which must be recognized.

Direct military talks on Cambodia were to get under way at Geneva at the end of June, according to a Cambodian spokesman. The Cambodians are reported to have met with the Viet Minh at Geneva to exchange views and arrange procedural matters.

Supervision and Guarantees of a Truce

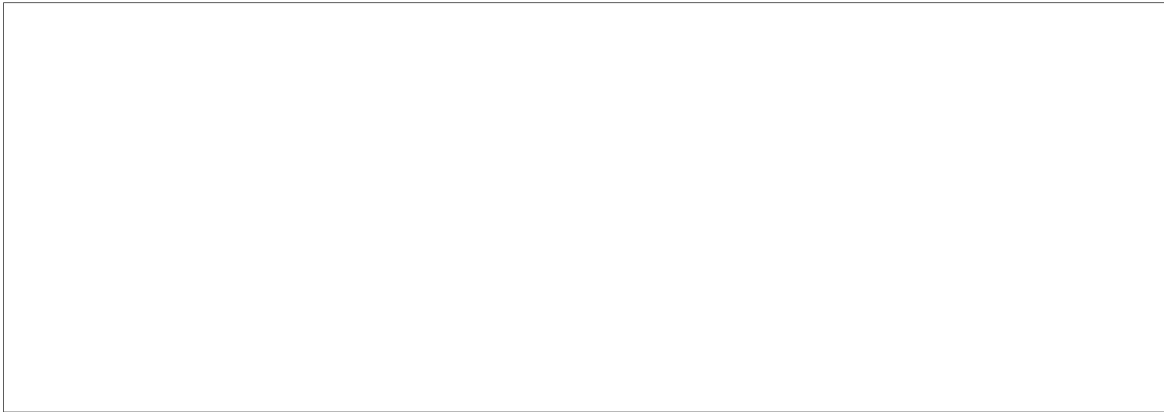
There has been no progress at all in the nine-party discussions at Geneva on the questions of supervision and guarantees of a truce.

The Communists have continued to press for an international commission which would "assist" the mixed committees of belligerents but would have no authority. The mixed committees in all three states and the international commission would alike be responsible to the nine "guarantor" states, among which are three Communist regimes, each of which would have a veto power.

The West has stood firm in insisting on a genuinely impartial international commission which would have genuine authority over any mixed committees and would have free access to the entire country it would be supervising. On 25 June, however, the French delegate hinted that his position might be modified.

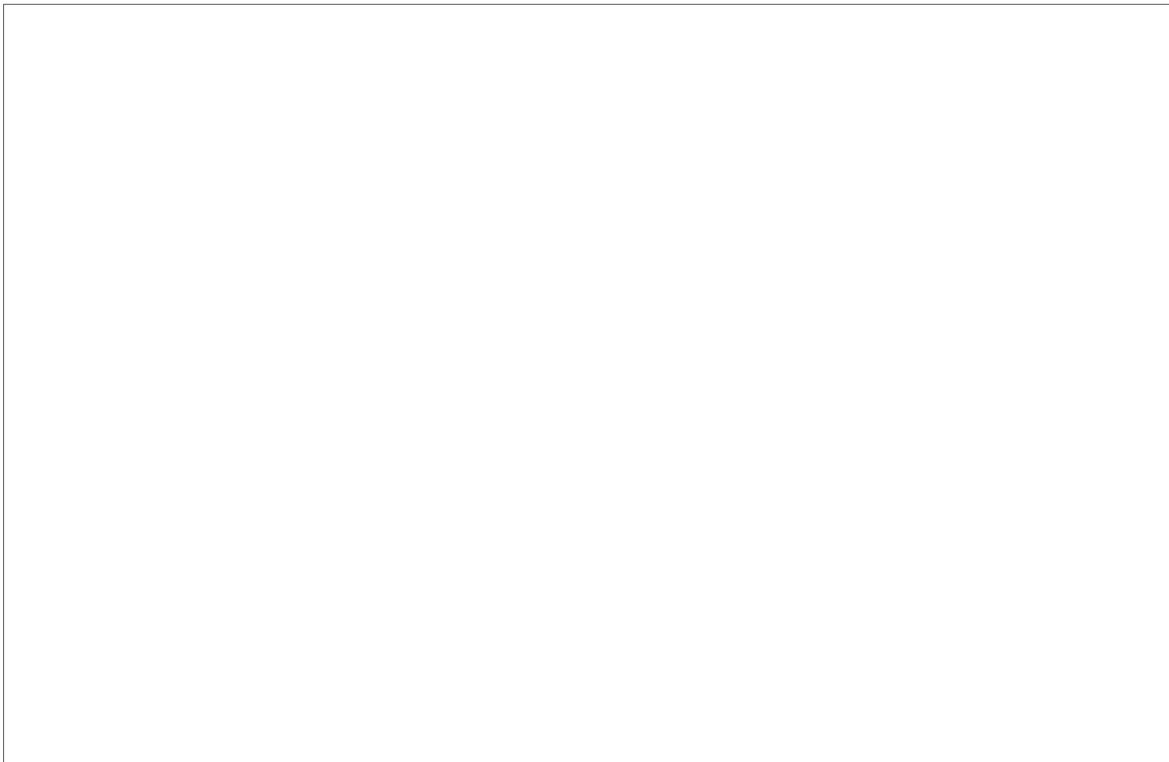
Most of the participants in these discussions seem to believe that agreement is unlikely, at least until the military staffs representing the various commands in Indochina submit their report, due Monday, 12 July. The Communists may try to arrange private talks on supervision and guarantees.

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A Settlement for Laos

In the past nine days the Communists have seemed to be bidding for a settlement for Laos which would involve neutralization of that state and Communist retention of some territory or participation in a coalition government or perhaps both.



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A Settlement for Cambodia

On 20 June Under Secretary Smith mentioned to the Cambodian delegate Molotov's earlier hint that the Communists would be inclined not to ask for either a temporary or a permanent partition of Cambodian territory. Smith asked the Cambodian to support the Laotians in resisting Communist demands for partition of Laos.

The Cambodian delegate evaded Smith's request, pointing out that the situations in the two countries are different, as Cambodia exercises the high military command there whereas in Laos the command is still in French hands. This conversation suggests that the common front which the Laotians and Cambodians have thus far maintained is in danger.

Any Cambodian inclination to get the best possible terms for Cambodia, without worrying about Vietnam and Laos, was presumably strengthened by the Viet Minh delegate's hint on 21 June at willingness to give up the "resistance movement" in Cambodia in exchange for recognition of the one in Laos.

It is not known what political settlement the Communists envisage for Cambodia beyond neutralization.

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FREE WORLD POLICIES AND OPINIONS

France

Following his talk with Chou En-lai at Bern on 23 June, Mendes-France obtained a reaffirmation by the National Assembly on 24 June of its approval of his program to end the Indochina war. The premier seems increasingly optimistic that he can obtain a settlement by his self-imposed 20 July deadline.

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The French premier appears to be placing great emphasis on the forthcoming talks in Indochina between military representatives of both sides, including the Vietnamese. Mendes-France has still not indicated the terms he has in mind, but there are increasing indications the military settlement will involve some form of partition, with the French holding a beachhead around Haiphong--at least temporarily--and the rest of the delta going to the Viet Minh.

The French and Vietnamese would hold the south and an area reaching "as far north as possible." The British minister in Saigon believes the French may accept a "neutralization" of Cambodia and Laos, involving the withdrawal of all foreign troops.

Any political settlement would be based on negotiations between the Vietnamese and the Viet Minh and would involve general elections. On the latter point, Mendes-France last summer indicated he would be willing to take the calculated risk of the Communists obtaining up to 30 percent of the popular vote. He now hopes to delay the elections for 18 months to permit other parties to attract nationalist support.

Meanwhile, the French cabinet has taken steps to speed up the reinforcement of French forces in Indochina, and the National Assembly is expected to accelerate the call-up of draftees. This is represented by Mendes-France as a continuation of the policy of protecting the expeditionary force and as preparation for the possible continuation of hostilities should he fail to obtain peace.

Dillon's "Impressions and Conclusions": Ambassador Dillon cabled the following "impressions and conclusions" after the Mendes-France government's first week in office:

The premier's support in the assembly, despite outward appearances to the contrary, has narrowed since he received 419 votes for investiture on 18 June. Although the government received 421 votes on 24 June, the number of Radicals in the total dropped from 72 to 63 and that of Social Republicans from 59 to 56.

The over-all increase in the vote for the premier was due to a larger vote for him by the classical right, which is definitely in opposition and voted aye merely to give Mendes-France "all the rope he needs until 20 July."

The prime minister's investiture appears to have caused widespread hope and relief, particularly in quarters desirous of peace in Indochina, but no real enthusiasm except in "leftish and intellectual circles," and there seems to be no wave of sentiment comparable to that caused by his nearly successful investiture attempt a year ago.

Even the magazine L'Express, which is Mendes-France's warmest supporter, does not claim that his investiture has stirred the country this time and even speaks of "an immense need for explanations and reassurances required to nourish the practically universal hope" among the people.

Mendes-France has adroitly proceeded to provide these explanations and reassurances directly to the people and in this he is breaking important new ground.

(Laniel's broadcast reply to the strikers last year was amateurish bluster, whereas Mendes-France has an excellent fireside chat manner.) To what extent he can consolidate public support and if necessary use it to bring pressure to bear on the assembly to pass specific legislation remains to be seen. Certainly the assembly itself does not like to see a premier appeal "over its head" to the country.

Even if Mendes-France obtains an Indochina truce by 20 July, it does not appear likely at the present writing that he would then be able to broaden his cabinet. The Socialists, although under considerable pressure to participate, would first wish to discuss his economic program and the MRP would probably require a commitment on EDC. However, we are not sure the assembly could hold him too closely to the 20 July deadline if by that time agreement on Indochina seemed imminent. On the other hand it seems clear that if he does not produce such an agreement fairly soon after the deadline, he will be poleaxed.

What would happen after an Indochina settlement if he obtains one is hard to predict, but we are inclined to feel that the wave of national gratitude and upsurge of his prestige predicted by some observers may be smaller and briefer than expected, for the psychological atmosphere is not at all comparable, for instance, to that of Munich. In 1938 everybody feared that war was imminent and was relieved when it did not happen. Today most people think that peace is imminent and will be greatly disappointed if it is not obtained soon, but not necessarily startled or overjoyed when it comes. Early peace in the Far East is now widely taken for granted.

Because Mendes-France would probably benefit from only a brief period of euphoria in the assembly after a possible Indochina settlement, he would have to act fast if he is to put through even the initial part of his economic program, for opposition to that program is considerable.

Great Britain:

London press treatment of the talks in Washington reflects general relief that they seem to have effected a reconciliation with the United States, and the belief that the Eisenhower administration has in some measure moved toward the British position on approaches to Asian problems.

The prevailing tenor of press comment continues to support Eden's approach to an Indochina settlement and a defense arrangement for Southeast Asia as outlined by the foreign secretary in the House of Commons on 23 June.

There still appears sporadically, however, an undertone of concern lest Britain's policy turn out to be mistaken. The Washington correspondent of the Liberal News Chronicle on 27 June saw the Churchill-Eden visit as dramatic evidence of a sudden and profound change in international relationships as the "world of containment" seemed to be "falling apart."

India

The American embassy in New Delhi believes it unlikely the Chou-Nehru talks have had any material effect on the imbalance of power in Asia. Chou succeeded in convincing Indian vice president Radhakrishnan, and probably Nehru as well, that Peiping really desires a negotiated peace in Indochina. Radhakrishnan urged that the United States attempt to establish direct contact with the Chinese Communists, since there is "at least a chance" Washington could exert some influence in the direction of peace.

Nehru apparently was not lulled into complacency by Chou, however, and the two prime ministers' emphasis on the principles of mutual respect and friendship in the existing Sino-Indian agreement on Tibet suggests that neither New Delhi nor Peiping is ready now to enter a broader agreement.

A press conference which Chou held on 27 June "appears to have fallen flat," American chargé Weil cabled from New Delhi. At least a hundred questions were submitted in writing, according to an Indian correspondent who was present, but when the press met Chou, the latter simply read, through an interpreter, a handout dealing with topics of a general nature such as reducing world tension, increasing co-operation among Asian nations, and strengthening Indian-Chinese relations.

Radhakrishnan remarked laughingly to the embassy cultural attaché on 28 June that the preceding few days had been a convenient time for the American ambassador to be out of town. The vice president said he was glad Chou had left because his visit had been very wearing.

In reply to a question by the cultural attaché, Radhakrishnan said the conference had consisted of "just talk" most of the time. He said Nehru had asked him to stress, in a conversation he had with Chou, the long record of peace between India and China, their common heritage of Buddhism and their common interest in individual rights. The vice president said his emphasis on individual rights was intended to be a backhanded way of indicating India's displeasure at China's disregard of civil liberties.

Radhakrishnan said both he and Nehru had emphasized that India did not believe in Communist China's methods and he had told Chou India did not believe in either cultural or political regimentation.

Regarding Tibet, which apparently occupied a major part of the formal conversations, the vice president said Nehru repeatedly stressed his concern over China's apparently imperialistic policy and expressed the hope China would not attempt to extend its conquests.

Radhakrishnan said that while Chou seemed to be agreeable and a good listener, he (the vice president) got the impression Chou's assurances were more perfunctory than real and his regime would pursue its policies regardless of Indian views.

Indonesia

The anti-Communist newspaper Pedoman carried the story of the Churchill-Eisenhower meeting under the headline, "Western States Busy Discussing Problems of Southeast Asia--Nations Concerned Not Invited to Talks."

The Indonesian representative at the UN has made it clear he is opposed to calling a General Assembly meeting prior to 20 July to consider the Thai appeal. He also showed considerable interest in Anthony Eden's proposal for an Asian "Locarno," observing that any such pact would necessarily involve some relationship with Communist China.

Philippines

The Philippines has adopted a wait-and-see attitude on Indochina, pending some indication as to how far the French will go in compromising with the Communists, according to the American embassy in Manila. The atmosphere is not optimistic.

One leading paper described the Geneva conference as another Munich and commented that "everything went according to plan--the Soviet plan."

Another paper, taking editorial exception to USIA Director Striebert's statement that Communist influence had passed its peak in Asia, maintained that Communism was a greater threat than ever.

In a speech in Chicago on 25 June, Carlos Romulo, the special representative of President Magsaysay, again called on the United States to lead the rest of the world in the formation of an "Atlantic Charter for Asia."

Thailand

The French cabinet change received extensive coverage in the Thai press. Comment was, however, pessimistic on the effects it would have in Indochina.

Foreign Minister Prince Wan arrived in New York from Geneva on 28 June to handle the Thai appeal for a peace observation committee in Southeast Asia. The Thai had originally indicated an intention to press vigorously for an early presentation of their case, but the French and British representatives at Geneva apparently persuaded Wan to postpone action until

mid-August. On his arrival in New York, however, the Thai foreign minister announced he wanted the assembly to meet as soon as possible, although he admitted there were "technical points" which must be settled first.

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